



**Embargo 10:00**

**16 December 2015**

**EGM Opening Address by Richard Pym, the Chairman of Allied Irish Banks, p.l.c.**

***Check against delivery***

Good morning ladies and gentlemen and welcome to this Extraordinary General Meeting.

My name is Richard Pym, and I am the Chairman of AIB.

We have a quorum, so I now formally open the Meeting.

The Notice of the Meeting was posted to Shareholders on the 23<sup>rd</sup> of November, and so I will dispense with a formal reading.

I'm joined, nearest to me, on the platform by Bernard Byrne, our Chief Executive Officer, Mark Bourke, our Chief Financial Officer, David O'Callaghan, our Company Secretary, and Helen Dooley, our Group Legal Counsel.

The other Directors are all present in the room.

As we issued our Interim Management Statement on the 17<sup>th</sup> of November, we will not be further updating on financial performance today. Our next scheduled update on performance will be the issue of our Annual Financial Report in early March next year.

Today is about specific business that's critical to the Bank's recovery and normalisation.

The proposed Capital Reorganisation will both strengthen and simplify our capital structure, allowing us to reflect market and regulatory norms, and position us for a transition, over time, from State to private sector ownership.

Since 2008 we have paid around €3 billion to the State by way of fees related to the Government Guarantees and coupon payments on the Preference Shares and Contingent Capital Notes.

However, today marks the start of our repayment of the capital and we remain grateful to the Government and tax-payers for their continued support.

There are six key parts to the capital reorganisation.

Part 1 involves the conversion of just over 2 billion of the Government's 3.5 billion Preference Shares into Ordinary Shares through the issue of new shares.

Part 2 is redemption of the remaining Preference Shares by way of a cash payment of €1.7 billion to the Government. That will then total almost €4.7 billion of payments.

Our issue of two Debt Capital Instruments during November facilitates this payment and has also allowed us to procure a cheaper form of capital from a wide and diversified group of substantial institutional

investors. There was tremendous demand for the securities which shows how your company is now firmly on the road to recovery.

Part 3 of the reorganisation involves the redemption of an EBS Promissory Note which was a form of capital provided by the Government to EBS during 2010. This Note became part of AIB's capital when we acquired EBS during 2011, so the Note is to be redeemed by the Government as part of the capital reorganisation.

Part 4 will see a consolidation of the Ordinary Shares at a ratio of "1 share for every 250 shares held" to reduce the very significant number of ordinary shares in issue.

The Consolidation will round-up any residual shareholdings of less than 250 Ordinary Shares that would otherwise result from the Consolidation which will ensure that all existing Shareholders remain on our Register.

Part 5 is to provide for the potential issue of Warrants to the Government, if requested by them, at the time of any re-admission of our Ordinary Shares to a regulated Main Securities Market or Stock Exchange. This would entitle the Government to subscribe for Ordinary Shares not exceeding 9.99% of our issued ordinary share capital within pre-agreed price and time parameters.

And finally Part 6 involves amendment of our Memorandum and Articles of Association to effect the capital reorganisation and reflect requirements of the new Companies Act 2014.

While there are six key parts to the capital reorganisation, we need 12 separate resolutions to effect the reorganisation, and I'll describe each of them in due course.

All 12 of the proposed resolutions are inter-conditional and all of them must be passed in order for the capital reorganisation to proceed.

The Board, other than Dr. Michael Somers has approved the capital reorganisation and recommends that you vote in favour of each of the Resolutions. Dr. Somers as a Government appointed Director, has abstained due to the Related Party nature of the Transaction.

In recommending these resolutions, I and my fellow Directors acknowledge the difficulties experienced by you by the appalling loss of value in our shares since the crisis began, and again I offer an apology on behalf of the company.

However these proposals are designed to provide a solid capital base for the company to ensure its future success.

The Irish Government, as 99.8% owner of the issued ordinary share capital, has committed to vote in favour of the Resolutions in respect of the Ordinary Shares held by it.

The ordinary shares held by the Government carry the same voting rights as those held by all retail shareholders so the Government is entitled to vote on the resolutions as it sees fit.

In that regard the business of this meeting is being conducted in compliance with all relevant legislation and in accordance with the rules of the Enterprise Securities Market on which the Bank's shares are currently listed.

So before we come to the formal part of the meeting, where we consider and vote on the 12 resolutions, I wish to outline how we intend to conduct our business this morning.

Each of these resolutions is long and technical.

The resolutions and the background to each of them are set out in detail in the Circular which was posted to you. I do not intend to read the exact wording of each resolution but, instead, I will give a summary description of the purpose of each resolution which will help us get through the business efficiently. Please refer to the notice of meeting for the full details.

I will cover the 12 summaries together and then take questions in relation to all 12 when that's done. So there will be one question session on all the resolutions together, as all the resolutions are interconnected. I must ask that the questions are specifically on the resolutions and the capital reorganisation please. This is not the annual meeting so we will not be answering questions on business performance.

We have a mixture of Ordinary and Special Resolutions to consider and I will draw your attention to the nature of each as we progress through.

An Ordinary Resolution requires a simple majority of the votes cast by the members entitled to vote, while a Special Resolution requires a 75% majority.

I am calling a poll on each of the resolutions to be proposed today and, accordingly, we will be voting by poll on each of them at the end of the meeting.

In that way the views of all shareholders who register a vote either by proxy or by voting here today are taken into account.

The first resolution on the agenda, an ordinary resolution, relates to an increase in our existing authorised share capital.

This resolution will create the additional capacity to facilitate the Capital Reorganisation and provide some headroom.

The second resolution, which is also an ordinary resolution, is to authorise the Directors to allot shares.

We require this authority to allot new Ordinary Shares in accordance with the Preference Share Conversion, the Ordinary Share Consolidation, the potential issue of Warrant Shares and any additional issues of Ordinary Shares should the need arise.

The next item 'Resolution 3' is the disapplication of pre-emption rights to facilitate the issue of warrants over shares to the Government without being required to first offer those Warrant Shares to Shareholders holding New Ordinary Shares. This is a special resolution.

Our fourth resolution is another special resolution and proposes renewal of the Directors' general authority to disapply pre-emption rights to facilitate the allotment of shares, granting of options over shares or otherwise disposing of unissued shares without being required to first offer such facilities to existing Shareholders.

Resolution 5, which is an ordinary resolution, allows the sub-division of the Government Preference Shares from shares of one cent each to shares of one quarter of a cent each so that they match the nominal value of our ordinary shares on conversion.

Resolution 6 is a special resolution which allows conversion of the sub-divided Government Preference Shares into the equivalent number of Ordinary Shares.

The next resolution, Resolution 7, which is a special resolution, authorises the Directors to allot Bonus Shares free of charge to the Government in connection with the Preference Share Conversion.

Resolution 8, another special resolution, proposes certain amendments to the Existing Memorandum and Articles of Association which will be effected by adopting the Interim Memorandum and Articles of Association.

Resolution 9 relates to the consolidation of our Ordinary Shares and is a special resolution.

It is made up of four sequential elements the essence of which consolidates 250 existing ordinary shares into one new ordinary share and proposes a bonus share issue to facilitate the rounding up of shares.

Resolution 10 is an ordinary resolution which deals with cancellation of the 2009 Preference Shares.

The next resolution is Resolution 11 which is an ordinary resolution and proposes a further increase in our authorised share capital to facilitate rounding up following the Ordinary Share consolidation.

The final resolution, number 12, is a special resolution which proposes amendments to the Interim Memorandum and Articles of Association that will be effected by adopting the Final Memorandum and Articles of Association.

As all the Resolutions have been proposed we will now open up to questions.

This is a complicated proposal and we are very happy to explain again how it works and why we are doing it. To be fair to everyone in the room, I ask that you please be succinct and please stick to the business of the meeting.

**-ENDS-**

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**Forward-looking Statement**

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of AIB Group and certain of the plans and objectives of the Group. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'aim', 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'may', 'could', 'will', 'seek', 'continue', 'should', 'assume', or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, capital structure, Government shareholding in the Group, income growth, loan losses, business strategy, projected costs, capital ratios, estimates of capital expenditures, and plans and objectives for future operations. Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking information. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These are set out in the Principal Risk and Uncertainties on pages 30 to 38 in the AIB Half-Yearly Financial Report 2015 and on page 4 of the Circular dated 23 November 2015. In addition to matters relating to the Group's business, future performance will be impacted by Irish, UK and wider European and global economic and financial market considerations. Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made. The Group cautions that the list of important factors on pages 30 to 38 of the AIB Half-Yearly Financial Report 2015 and on page 4 of the Circular dated 23 November 2015 is not exhaustive. Investors and others should carefully consider the foregoing factors and other uncertainties and events when making an investment decision based on any forward-looking statement.